



Pidilite Industries Limited

Investor Update

Quarter and Half year ended September 2015

Coverage

- Financial Highlights
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- Overseas subsidiaries performance
- Financial Results

Investor Communication

This investor update covers the Company's performance for Quarter and Half yearended 30th September2015.

Contact information

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Financial Highlights

Quarter ended 30th September2015

Consolidated Performance

- Net sales at Rs13,134 M grew by 5.2%over the same quarter last year.
- Material cost, as a % to sale, is lower than same quarter last year by 778 Bps mainly on account of lower prices of key raw materials
- Other expenses during the quarter were higher than last year by 9.9%.
- EBITDA, before non-operating income& exceptional items atRs3,014 M grew by 46.1%.
- Profit before tax in current quarter is Rs2,765 M, a growth of 47.6% and Profit after tax at Rs 1,929 M is higher by 40.5%.
- Consolidated Financial results for the periods ended 30th September, 2015 include results of Nina Waterproofing Systems Private Ltd (NWSP), a subsidiary of the Company (with 70% shareholding by the company) which

acquired the waterproofing business of Nina Concrete Systems Private Ltd (NCS) on a slump sale basis in April 2015.

- During the quarter, Pidilite Lanka (Private) Ltd. (PLPL) was incorporated in Sri Lanka to be engaged in business of manufacture and sale of adhesives, binders, sealants etc. Pidilite International Pte Ltd. and Pidilite Middle East Limited (wholly owned subsidiaries of the Company) hold 76% of share capital of PLPL.

Standalone Performance

- Net sales at Rs11,586 M grew by 2.6% over same quarter last year.
- Material cost, as a % to sale, is lower than same quarter last year by 791 Bps mainly on account of lower prices of key raw materials and price increases taken during the year.
- Other expenses during the quarter were higher than last year by 8.3%.
- EBITDA, before non-operating income & exceptional items at Rs2,806 M higher by 38.5% over the same quarter last year.
- Other income is lower by 11.3% due to lower investment income.
- Profit before tax at Rs2,620 M is higher than last year by 41.1% and Profit after tax at Rs. 1,828 M is higher by 33.8%.

Half year ended 30th September 2015

Consolidated Performance

- Net sales at Rs27,756 M grew by 7.3% over the same period last year.
- Material cost, as a % to sale, is lower than same period last year by 638 Bps mainly on account of lower prices of key raw materials & impact of price increases.
- Other expenses during the period were higher than last year by 9.6%.
- EBITDA, before non-operating income & exceptional items at Rs6,451 M grew by 44.4%.
- Profit before tax (before exceptional items) at Rs. 5,951 M is higher than last year by 42.3%.
- Profit after tax at Rs. 4,189 M grew by 37.4%.

Standalone Performance

- Net sales at Rs24,570 M grew by 5.2% over the same period last year.
- Material cost, as a % to sale, is lower than same period last year by 659 Bps mainly on account of lower prices of key raw materials & impact of price increases.
- EBITDA, before non-operating income & exceptional items at Rs6,084 M grew by 39.7%.
- Last year, the company had incurred an exceptional cost of Rs.49.1 M on voluntary retirement scheme.
- Profit before tax (before exceptional items) at Rs5,701M is higher than last year by 38.2%.
- Profit after tax at Rs. 4,023 M posted a growth of 33.7%.

Business segment wise performance - Standalone

(Values in Rs Millions)

Segment	Quarter ended			Half year ended		
	Sep - 15	Sep - 14	% Change	Sep - 15	Sep - 14	% Change
1. Segment Revenue						
a) Consumer & Bazaar Products	9,611	9,135	5.2%	20,533	19,304	6.4%
b) Industrial Products	2,116	2,327	-9.1%	4,301	4,496	-4.3%
c) Others	100	119	-16.0%	238	230	3.6%
Total	11,827	11,581	2.1%	25,072	24,030	4.3%
Less: Inter Segment Revenue	241	287	-15.9%	502	664	-24.4%
Net Sales / Income From Operations	11,586	11,294	2.6%	24,570	23,366	5.2%
2. Segment Results						
a) Consumer & Bazaar Products	2,756	1,997	38.0%	6,001	4,410	36.1%
b) Industrial Products	370	267	38.6%	705	426	64.7%
c) Others	10	-12	-185.1%	-3	-45	-93.3%
Total	3,136	2,252	39.3%	6,703	4,793	39.8%
Less: i) Interest	15	14	6.9%	30	27	10.0%
ii) Other Unallocable Expenditure - Net Of Unallocable Income	501	381	31.6%	972	690	40.8%
Total Profit Before Tax	2,620	1,857	41.1%	5,701	4,076	39.9%

Segment Details: Quarter ended 30th September 2015 (Standalone)

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 5.2%
- Segment Profit before interest and tax (PBIT) grew by 38%

INDUSTRIAL PRODUCTS

- Segment revenue declined by 9.1%.
- Segment PBIT for the quarter grew by 38.6 %.
- **Unallocable Corporate Expenditure** net of unallocable income has increased by 31.6% in the quarter.

Segment Details for Half year Ended 30th September 2015 (Standalone)

CONSUMER AND BAZAAR PRODUCTS

- Segment revenue grew by 6.4% & segment profit before interest and tax (PBIT) grew by 36.1%.

INDUSTRIAL PRODUCTS

- Segment revenue declined by 4.3% & segment PBIT grew by 64.9% due to lower input costs.

Overseas subsidiaries performance

- The Company has 15 overseas subsidiaries (4 direct and 11 step-down) including those having manufacturing and selling operations in USA, Brazil, Thailand, Dubai, Egypt and Bangladesh.
- The performance of the following geographies, **in constant currency terms**, is detailed below.

Sales - Rs mn	Q2 2014-15	Q2 2015-16	H1 2014-15	H1 2015-16
North America	540.4	577.7	1,231.1	1,221.4
South America	243.4	238.9	479.0	458.5
Middle East & Africa	114.0	246.7	246.8	465.7
South & South East Asia	221.6	279.7	491.3	626.7
Total	1,119.4	1,343.0	2,448.2	2,772.3

EBITDA - Rs mn	Q2 2014-15	Q2 2015-16	H1 2014-15	H1 2015-16
North America	43.1	68.1	96.4	144.8
South America	(13.1)	(8.4)	(20.2)	(15.2)
Middle East & Africa	(5.5)	(29.6)	(8.5)	(48.8)
South & South East Asia	40.4	55.1	99.0	147.3
	65.1	85.2	166.7	228.1

Sales in constant currency grew by 20% during the quarter. However, due to translation impact the reported sales show a growth of 10.9%.

North America:

- **For the Quarter:** Overall sales recorded a growth of 6.9%. EBITDA for the region improved by 57.9% on account of higher sales and improvement in margins due to various cost saving initiatives.
- **For the Half year ended 30th September 2015:** Sales declined by 0.8%. EBITDA improved by 50.2% due to improvement in margins.

South America:

- **For the Quarter:** Sales declined by 1.9%. Brazil business was impacted due to continued slowdown of the economy. Losses at EBITDA level reduced by 35.3%. Manufacturing and SG&A expenses were lower than last year due to the structural changes and other cost saving initiatives implemented.
- **For the Half year ended 30th September 2015:** Sales declined by 4.3%. Loss at EBITDA level reduced by 24.7%.

Middle East & Africa:

- **For the Quarter: Sales grew by**
Sales grew by 117 % largely due to commencement of distribution of Pidilite Industries products in the region, which hitherto was being done by a third party distributor. Adjusting for this revenue, sales were lower than last year. Loss at EBITDA level increased by Rs 24.1 M due to lower sales and higher SG&A expenses to support future sales growth in this region

For the Half year ended 30th September 2015

Sales grew by 89 % largely due to commencement of distribution of Pidilite Industries products in the region, which hitherto was being done by a third party distributor. Adjusting for this revenue, sales were lower than last year. Loss at EBITDA level increased from Rs8.9 Million to Rs49 Million due to lower sales and higher SGA expenses to support future growth initiatives in this region

South & South East Asia:

- **For the Quarter:** Sales of subsidiaries in Bangladesh and Thailand grew by 26.2%. EBITDA grew by 36.3% due to good sales growth and reduction of material cost.
- **For the Half year ended 30th September 2015:** Sales grew by 27.6% and EBITDA increased by 48.8%.

STATEMENT OF STANDALONE & CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30.06.2015

(Rs. in Lakhs)

Sr. No.	Particulars	Standalone						Consolidated					
		For the Quarter ended			For the Half Year ended			For the Quarter ended			For the Half Year ended		
		30.09.2015	30.09.2014	30.09.2014	30.09.2015	30.09.2014	31.03.2015	30.09.2015	30.09.2014	30.09.2014	30.09.2015	30.09.2014	31.03.2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from Operations												
(a)	Net sales - Income from Operations (net of excise duty)	115861	129836	112919	245997	273993	437480	131344	146215	124856	277559	258696	452544
(b)	Other Operating Income	692	731	698	1393	1173	2527	862	731	608	1393	1173	2527
	Total Income from Operations (net)	116553	130567	113617	247390	275166	439997	132206	146946	125564	278952	259869	455071
2	Expenses												
(a)	Cost of materials consumed	54611	53180	59196	107770	119114	320681	60167	61113	64226	121280	129125	247361
(b)	Purchases of stock-in-trade	4987	5456	4127	10423	8143	10611	6590	5841	5378	12231	10907	21985
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3016)	7538	746	4622	4867	(878)	(3012)	7910	521	4896	5472	11234
(d)	Employee benefits expense	11264	11639	10453	22943	20823	40656	13933	14230	12864	26163	25597	49725
(e)	Depreciation and amortisation expense	2869	2804	3354	5673	5162	10732	3299	3214	3132	6593	5650	11770
(f)	Other expenses	20702	19290	18772	40992	36327	70748	24389	23483	21010	47872	44079	88889
	Total Expenses	91336	108597	86177	191923	186436	374273	106168	116791	107971	239647	238629	419529
3	Profit from operations before other income, finance costs and exceptional items (1-2)	25217	21968	27440	55467	88730	65724	26038	30255	17593	39285	36240	35542
4	Other Income	1180	947	1350	2139	3088	4777	1295	1045	1507	2270	3307	4548
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	26397	22915	28790	57606	91818	70501	27333	31300	19100	41555	39547	40090
6	Finance Costs	154	142	144	296	269	456	307	390	215	687	540	1564
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	26243	22773	28646	57310	89549	69945	26926	30910	18885	40868	38987	38526
8	Exceptional items	-	-	-	-	493	1761	-	-	-	-	491	491
9	Profit from ordinary activities before Foreign Exchange Difference Expense/ (Income) (7-8)	26243	22773	28646	57310	89549	67184	27788	31810	18828	39878	39478	39017
10	Foreign Exchange Difference Expense/ (Income)	31	(34)	4	(3)	(29)	249	123	(5)	4	58	(26)	583
11	Profit from ordinary activities before tax (9-10)	26274	22739	28650	57307	89578	67433	27911	31805	18832	39936	39452	39600
12	Tax Expense	7621	8859	4968	15782	15653	26693	8357	9259	9303	17616	15826	10841
13	Net Profit from ordinary activities after tax (11-12)	18653	13880	23682	41525	73925	38740	19554	22546	9529	22320	23626	28759
14	Extraordinary items	-	-	-	-	-	-	-	-	-	-	-	-
15	Net Profit for the period (13-14)	18653	13880	23682	41525	73925	38740	19554	22546	9529	22320	23626	28759
16	Share of Profit of associate	-	-	-	-	-	-	-	-	-	-	-	-
17	Net Profit after taxes, minority interest and share of profit of associate (15+16+17)	18653	13880	23682	41525	73925	38740	19554	22546	9529	22320	23626	28759
18	Profit up to Equity Share Capital of old value of share - Rs. 1/-	5127	5127	5126	5127	5126	5127	5127	5127	5126	5127	5126	5127
19	Reserves including Retention Reserves as per balance sheet of previous accounting year	-	-	-	-	-	226818	-	-	-	-	-	221851
20	Earnings per share (before and after extraordinary items) of Rs. 1/- each:												
(a) Basic		3.56	4.28	2.87	7.65	5.87	9.79	3.74	4.40	2.71	8.14	6.00	10.00
(b) Diluted		3.56	4.28	2.87	7.64	5.87	9.78	3.74	4.40	2.71	8.13	6.00	9.99
PART B Select Information for the Quarter and Half year ended 30.09.2015													
A PARTICULARS OF SHAREHOLDING													
1	Public Shareholding	155179398	155179398	155179398	155179398	155179398	155179398	155179398	155179398	155179398	155179398	155179398	155179398
2	Promoters and Promoter Group Shareholding	30.27	30.26	30.26	30.27	30.27	30.00	30.26	30.26	30.26	30.26	30.26	30.26
B. Pledged / Encumbered													
3	Number of Shares	-	-	-	-	-	-	-	-	-	-	-	-
4	Percentage of shares (as a % of the total shareholding of promoter and of promoter group)	-	-	-	-	-	-	-	-	-	-	-	-
5	Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-	-	-	-	-	-	-	-
6	Non-encumbered	357483432	357523800	358873800	357483432	358873800	357483432	358873800	357483432	358873800	357483432	358873800	357483432
7	Number of Shares	100	100	100	100	100	100	100	100	100	100	100	100
8	Percentage of shares (as a % of the total shareholding of promoter and of promoter group)	69.73	69.74	69.74	69.73	69.73	69.74	69.74	69.74	69.74	69.74	69.74	69.74
9	Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-	-	-	-	-	-	-	-
C. Particulars													
D. SHAREHOLDERS COMPLAINTS													
10	Pending at the beginning of the quarter	1	-	-	-	-	-	-	-	-	-	-	-
11	Received during the quarter	4	-	-	-	-	-	-	-	-	-	-	-
12	Disposed of during the quarter	-	-	-	-	-	-	-	-	-	-	-	-
13	Remainder unsubmitted at the end of the quarter	1	-	-	-	-	-	-	-	-	-	-	-
(A) For the period only and not consolidated													

REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Lakhs)

Sr No	Particulars	Standalone						Consolidated					
		For the Quarter ended			For the Half year ended			For the Quarter ended			For the Half year ended		
		30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015	30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue												
	a) Consumer & Bazaar Products	96116	109212	91347	205328	193037	357744	111569	125591	103264	237190	218040	402308
	b) Industrial Products	21158	21846	23271	43004	44959	89921	21156	21846	23271	43004	44959	89921
	c) Others	1000	1383	1191	2383	2301	4514	1000	1383	1191	2383	2301	4514
	Total	118274	132441	115809	250715	240297	449179	133757	148820	127726	282577	265300	493743
	Less: Inter Segment Revenue	2413	2605	2670	5018	6634	11699	2413	2605	2870	5018	6634	11699
	Net Sales / Income From Operations	115861	129836	112839	245697	233663	437480	131344	146215	124856	277559	258666	482044
2	Segment Results												
	a) Consumer & Bazaar Products	27559	32446	19671	60005	44100	78754	29130	33642	20094	62772	44711	76725
	b) Industrial Products	3703	3353	2671	7056	4280	9567	3703	3353	2671	7056	4280	9567
	c) Others	101	(135)	(119)	(34)	(447)	(1072)	101	(135)	(119)	(34)	(447)	(1072)
	Total	31363	35664	22523	67027	47933	85349	32934	36860	22644	69794	48544	85320
	Less: i) Interest	154	142	144	295	289	950	307	390	271	897	540	1564
	ii) Other Unallocable Expenditure - Net Of Unallocable Income	5009	4709	3607	9718	6907	17545	4982	4805	3650	9587	8688	15963
	Total Profit Before Tax	26200	30613	18972	57013	40797	66854	27645	31665	18725	59510	41316	67793
3	Capital Employed												
	a) Consumer & Bazaar Products	93048	90205	93686	93048	93686	91257	131815	121616	116242	131816	116242	120018
	b) Industrial Products	25072	25055	25124	25072	25124	24735	25072	25055	25124	25072	25124	24735
	c) Others	3662	4420	3686	3662	3686	3635	3662	4420	3686	3662	3686	3635
	d) Unallocated	153491	137223	110243	153491	110243	115016	108720	93041	80296	108720	80296	78370
	Total Capital Employed	279273	258903	232739	279273	232739	234945	269270	244132	225338	269270	225338	227058

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UNAUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT 30.09.2015

(Rs. In Lakhs)

		Standalone		Consolidated	
		Unaudited	Audited	Unaudited	Audited
		30.09.2015	31.03.2015	30.09.2015	31.03.2015
A	EQUITY AND LIABILITIES				
1	Shareholders' funds				
a)	Share capital	5127	5127	5127	5127
b)	Reserves and Surplus	270148	229818	264143	221931
	Sub-total-Shareholders' funds	275273	234945	269270	227058
2	Minority Interest		-	4010	510
3	Non-current liabilities				
a)	Long-term borrowings	-	-	215	50
b)	Deferred tax liabilities (net)	5641	5449	5704	5787
c)	Long-term provisions	2004	1868	2538	2392
	Sub-total-Non-current liabilities	7645	7317	8457	8209
4	Current liabilities				
a)	Short-term borrowings	417	578	5404	5792
b)	Trade payables	30358	29404	37487	33191
c)	Other current liabilities	38368	34097	42414	36134
d)	Short-term provisions	9010	20365	11381	20687
	Sub-total-Current liabilities	78153	84444	96886	95804
	TOTAL - EQUITY AND LIABILITIES	361071	326706	378423	331581
B	ASSETS				
1	Non-current assets				
a)	Fixed Assets	130471	128814	147874	141876
b)	Goodwill on Consolidation	-	-	2234	2155
c)	Non-current investments	54080	42132	12415	9074
d)	Deferred tax assets (net)	-	-	-	104
e)	Long-term loans and advances	9834	10153	10279	10622
f)	Other non-current assets	182	678	193	681
	Sub- total- Non- current assets	194567	181777	172995	164512
2	Current assets				
a)	Current investments	38832	26916	39937	26917
b)	Inventories	49357	53472	61804	64104
c)	Trade receivables	62591	51458	81821	58611
d)	Cash and cash equivalents	7651	5810	11801	8600
e)	Short-term loans and advances	6724	6754	8199	8231
f)	Other current assets	1349	519	1876	606
	Sub- total-Current assets	166504	144929	205428	167069
	TOTAL - ASSETS	361071	326706	378423	331581

Notes

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 28th October, 2015.
- The Statutory Auditors have carried out a "Limited Review" of the standalone unaudited financial results for the quarter and half year ended 30th September, 2015.
- The Company has opted to publish Standalone as well as Consolidated financial statements. The Consolidated financial results prepared as per Accounting Standard (AS-21) and Accounting Standard (AS-23) comprise the results of Pidilite Industries Ltd. (Holding Company), 22 subsidiary companies, two partnership firms and one associate Company.
- Unallocated Capital Employed as at 30th September, 2015 includes a) Capital Work in Progress of Rs. 36577 lakhs (30th September, 2014 Rs. 37042 lakhs) of Synthetic Elastomer Project b) Investments in units of mutual funds/ term deposit with banks Rs. 50668 lakhs (30th September, 2014 Rs. 27374 lakhs).
- During the quarter, Pidilite Lanka (Private) Ltd. (PLPL), was incorporated in Sri Lanka to be engaged in business of manufacture and sale of adhesives, binders, sealants etc. Pidilite International Pte Ltd. and Pidilite Middle East Limited (wholly owned subsidiaries of the Company) hold 76% of share capital of PLPL.
- Exceptional items include:
 - Provision for diminution in value of investment in a subsidiary company Rs. 1270 lakhs for the year ended 31st March, 2015 which is only in the standalone results.
 - Voluntary Retirement Scheme Rs. 491 lakhs for the period ended 30th September, 2014 and year ended 31st March 2015 in standalone and consolidated results.
- Consolidated Financial results for the periods ended 30th September, 2015 include results of Nina Waterproofing Systems Private Ltd (NWSP), a subsidiary of the Company (with 70% shareholding by the company) which acquired the waterproofing business of Nina Concrete Systems Private Ltd. (NCS) on a slump sale basis in April 2015.
- Previous periods' figures are regrouped/reclassified wherever necessary.

Mumbai
Dated: 28th October, 2015

M.B.PAREKH
Executive Chairman